



Eco-friendly Arecanut Leaf Sheath Products: An Economic Analysis

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Abstract: The rising demand for biodegradable and eco-friendly areca leaf generated net returns of Rs. 17800 ha⁻¹ to arecanut growers. The manufacturer invested Rs. 13.42 lakhs for establishment of unit. Leaf products viz., 30 cm, 25 cm, 20 cm of plates and 15 cm and 11 cm of bowls are manufactured in the unit. The per unit cost inclusive of variable and fixed costs came to Rs. 2.21, Rs. 1.62, Rs. 1.15, Rs. 0.73 and Rs. 0.51 for 30 cm, 25 cm, 20 cm plates, and 15 cm and 11 cm bowls, respectively. Correspondingly, manufacturer realized profit of Rs. 0.64, Rs. 0.23, Rs. 0.25, Rs. 0.47 and Rs. 0.29. Capital budgeting analysis indicated economic viability of investment with high Net Present Worth (NPW) of Rs. 46, 83,397, Benefit Cost Ratio (BCR) of 1.42 and Internal Rate of Return (IRR) of 212.90 percent. The unit has got enormous employment potential of 3344.6 mandays per annum. The percentage value addition to the raw material ranged between 374 percent in case of 25 cm plates to 900 percent in case of 11 cm bowls. Further, the study indicated price spread of Rs. 1.65, Rs. 1.15 and Rs. 1.1 in case of 30 cm, 25 cm and 20 cm plates, respectively and Rs. 0.8 and Rs. 0.6 for 15 cm and 11 cm bowls, respectively.

Keywords: Areca leaf sheath products, Capital budgeting, Eco-friendly
